

Chartered Banker



SCQF Level 6 / SCQF Credit Points – 10

CREDIT UNIONS PRINCIPLES AND PRACTICE

Module Specification

Module Version 2015

AIM:

To provide an overview of the role played by credit unions in UK society. The module considers the development and purpose of credit unions, their organisation and operating principles; business, financial and ethical objectives; regulatory framework; risk management; governance and oversight.

ACCESS STATEMENT:

There are no entry requirements for the module.

PROGRAMME OF STUDY TO WHICH UNIT CONTRIBUTES:

- Can be studied on a standalone basis as the Certificate in Credit Unions Principles and Practice or;
- Can form one of the three modules required to complete the Professional Banker Diploma

LEARNING OUTCOMES:

Knowledge, Understanding and Skills

On successful completion of this module, students will be able to:

1. Understand the development and operation of the Credit Union movement in the UK and internationally.
2. Understand how key regulatory and legal requirements impact on Credit Union operations.

3. Understand the strategic objectives of Credit Unions and how these are supported by the products and services provided.
4. Explain the roles of the finance functions of a Credit Union.
5. Understand the role of corporate governance in a Credit Union.
6. Understand how Risk Management influences Credit Union operations.
7. Understand how to identify and resolve ethical dilemmas and conflicts of interest.

METHOD OF LEARNING:

Distance Learning.

ASSESSMENT:

- Two hour online examination, consisting of 100 multiple choice questions.

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INTRODUCTION TO CREDIT UNIONS

Learning outcomes	Assessment criteria	Indicative content
<p>The learner will be able to:</p>	<p>The learner can:</p>	
<p>1: Understand the development and operation of the Credit Union movement in the UK and internationally.</p>	<p>1.1 Differentiate Credit Unions from other financial services institutions.</p> <p>1.2 Describe the role played by the Credit Union movement worldwide.</p> <p>1.3 Explain how Credit Union operations are governed.</p> <p>1.4 Describe recent developments that impact on the operation of Credit Unions.</p>	<ul style="list-style-type: none"> • The history and development of Credit Unions. • International perspectives and the World Council of Credit Unions. • The purposes of Credit Unions and the principle of mutuality and common bonds. • The corporate form and organisation of Credit Unions. • Operating principles. • Recent developments.

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REGULATORY FRAMEWORK

Learning outcomes	Assessment criteria	Indicative content
<p>The learner will be able to:</p>	<p>The learner can:</p>	
<p>2: Understand how key regulatory and legal requirements impact on Credit Union operations.</p>	<p>2.1 Explain the purpose and functions of the UK financial services regulatory framework.</p> <p>2.2 Identify the key financial services regulatory requirements in terms of their influence on Credit Union operations.</p> <p>2.3 Explain the expectations of the financial services regulator for Senior Managers.</p> <p>2.4 Explain legislation and regulation specific to Credit Unions. Identify the key requirements of other relevant legislation.</p> <p>2.5 Identify the key requirements of other relevant legislation.</p>	<ul style="list-style-type: none"> • The UK regulatory framework; the Bank of England, the Financial Policy Committee, the Financial Conduct Authority and the Prudential Regulation Authority. • The high level principles. General and tailored sourcebooks. The FCA's risk-based approach to supervision and regulation. • Specific regulatory responsibilities, including SYSC, senior management regime, certification regime and Individual conduct rules. • Liaison with regulatory bodies. Compliance and consequences of non-compliance. • Treating customers fairly and managing conduct risk. • Credit union legislation. • The Financial Ombudsman Service and the Financial Services Compensation Scheme. Single customer view. • Other relevant legislation; data protection, money laundering, bribery and other financial crimes.

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BUSINESS STRATEGY

Learning outcomes	Assessment criteria	Indicative content
<p>The learner will be able to:</p>	<p>The learner can:</p>	
<p>3: Understand the strategic objectives of Credit Unions and how these are supported by the products and services provided.</p>	<p>3.1 Explain the importance of developing appropriate business objectives for Credit Union.</p> <p>3.2 Explain the key features of product mix typically offered by Credit Unions.</p> <p>3.3 Outline appropriate approaches to measuring the success of Credit Union business objectives.</p> <p>3.4 Explain reporting requirements for business and regulatory purposes.</p>	<ul style="list-style-type: none"> • Credit Union business objectives. • Savings products. Lending products. Other products. • Business modelling and structuring the business for growth and development. • Cooperation and liaison with regulatory bodies.

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FINANCIAL ANALYSIS

Learning outcomes	Assessment criteria	Indicative content
<p>The learner will be able to:</p>	<p>The learner can:</p>	
<p>4: Explain the roles of the finance functions of a Credit Union.</p>	<p>4.1 Describe the purpose of financial statements. 4.2 Describe how to measure and monitor the financial performance of a Credit Union.</p>	<ul style="list-style-type: none"> • The finance functions within a credit union. • Financial statements and their purposes. • Capital; its meaning and purposes. Asset and liability management. Income and expenditure, profitability and cost management. • Measuring and monitoring performance; capital and other safety ratios, profitability and efficiency ratios. • Financial analysis using models, sensitivity and stress testing.

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RISK MANAGEMENT, INCLUDING INTEREST RATE RISK

Learning outcomes	Assessment criteria	Indicative content
<p>The learner will be able to:</p>	<p>The learner can:</p>	
<p>5: Understand how Risk Management influences Credit Union operations.</p>	<p>5.1 Explain the nature of risk.</p> <p>5.2 Explain the concept of risk management in terms of how risks can be identified, mitigated and monitored.</p> <p>5.3 Describe internal controls systems for risk management.</p> <p>5.4 Apply Risk Management principles in a Credit Union environment.</p>	<ul style="list-style-type: none"> • The nature of risk and its relevance to credit unions. • The relationship between risk and reward, and the concepts of risk appetite and risk aversion. • Risk analysis and types of business risks, including financial and non-financial risks. • Management of risk at strategic, tactical and operational levels. Business risk, continuity and disaster planning. Risk reporting. • The risk control cycle. Risk management and responses; acceptance, avoidance, reduction and transfer. • Internal control systems, purposes of internal control, pre-requisites for a sound control system and why control systems have to change over time. Responsibilities for control, the Audit Committee and internal audit.

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GOVERNANCE AND OVERSIGHT

Learning outcomes	Assessment criteria	Indicative content
<p>The learner will be able to:</p>	<p>The learner can:</p>	
<p>6: Understand the role of corporate governance in a Credit Union.</p>	<p>6.1 Explain the role of Corporate Governance. 6.2 Identify best practice in Corporate Governance.</p>	<ul style="list-style-type: none"> • The nature and purposes of corporate governance. • The UK Corporate Governance Code and best practices in corporate governance. • Responsibilities of the organisation to stakeholders. • Alternative management and executive structures. • Role and responsibilities of the board of directors, management committee and supervisory committee. The role and functions of committees. • The role of the Chairman, CEO and other senior officers/managers. Executive and management competence requirements, including financial and operational skills.

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ETHICAL DILEMMAS AND CONFLICTS OF INTEREST

Learning outcomes	Assessment criteria	Indicative content
<p>The learner will be able to:</p>	<p>The learner can:</p>	
<p>7: Understand how to identify and resolve ethical dilemmas and conflicts of interest.</p>	<p>7.1 Explain the critical importance of high standards of ethical conduct for the Credit Union movement.</p> <p>7.2 Explain the interplay of regulation, professional standards and individual responsibility.</p> <p>7.3 Identify ethical dilemmas.</p> <p>7.4 Apply ethical decision-making in the context of a Credit Union.</p>	<ul style="list-style-type: none"> • The nature and significance of ethics to credit unions. • Ethics based on virtues, duties and consequences. Working in the public interest, organisational reputation and trust. • Professional standards. Promoting and maintaining ethical standards.